

RESOLUTION NO. 2694

RESOLUTION ADOPTING A POLICY AND
CRITERIA FOR GRANTING BUSINESS
SUBSIDIES UNDER THE JOBZ PROGRAM

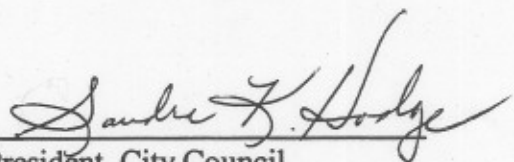
BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEVIDEO, as follows:

(1) Hearing. On October 2, 2006, the council held a public hearing on the question of the adoption of the Business Subsidy Policy and Criteria for Granting Subsidies Under the JOBZ Program, and said hearing was preceded by published notice thereof.

(2) Amendment of the Business Subsidy Criteria. The Business Subsidy Policy and Criteria For Granting Subsidies Under the JOBZ Program previously adopted by the city is being amended to be consistent with legislative amendments to Minnesota Statutes, Sections 469.310 through 469.3201 (the "JOBZ Law") and not as a matter of implementing any policy changes.

(3) Adoption of the Business Subsidy Criteria: Filing. The Business Subsidy Policy and Criteria for Granting Subsidies Under the JOBZ Program attached hereto as Exhibit A is hereby adopted. The Montevideo Economic Development Director is hereby authorized and directed to submit a copy of the Business Subsidy Policy and Criteria for Granting Subsidies Under the JOBZ Program with the Department of Employment and Economic Development, along with the next annual report in accordance with Minnesota Statutes, Section 116J.994, Subdivision 2.

Passed and adopted this 2nd day of October, 2006.


President, City Council

ATTEST:

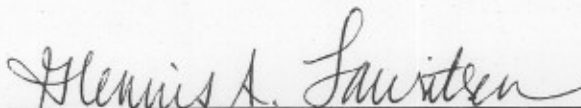

City Clerk

EXHIBIT A

City of Montevideo Business Subsidy Policy and Criteria For Granting Subsidies Under the JOBZ Program

SECTION 1. PURPOSE AND AUTHORITY

1.1 The City of Montevideo has received approval from the Minnesota Department of Employment and Economic Development for designation and participation in the State's Job Opportunity Building Zone Program.

1.2 The purpose of this document is to establish the criteria for the City of Montevideo (the "City" or "Grantor") for granting of business subsidies for private development under the JOBZ Program. The criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies under the JOBZ Program.

1.3 The City's ability to grant business subsidies under the JOBZ Program is governed by the limitations established in Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Law").

1.4 Any benefit or incentive provided pursuant to Minnesota Statutes, Sections 469.310 through 469.320 (the "JOBZ Law") shall be deemed a business subsidy for purposes of the Business Subsidy Law and this policy.

1.5 These criteria are to be used in conjunction with other relevant policies of the City.

1.6 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.

1.7 The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Business Subsidy Law.

SECTION 2. PUBLIC PURPOSE REQUIREMENT

2.1 All business subsidies must meet a public purpose.

2.2 The creation of jobs is a public purpose for granting a subsidy. Creation of at least 1 FTE job is a minimum requirement for consideration for inclusion in the JOBZ Program.

2.3 The wage floor for wages to be paid for the jobs created shall be 110% of the most current national Poverty Guideline for a family of four, as established in the Federal

Register by the US Department of Health and Human Services. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

2.4 Enhancing economic growth and stabilize the community are also public purposes for granting a subsidy. Factors that the City Council may consider in trying to determine/evaluate overall economic benefit of a specific project to the community include:

- (a) Estimate of total job creation/job retention
- (b) Estimate of total capital investment
- (c) Estimated market value increase
- (d) Potential economic multiplier (e.g. impact/opportunity to increase sales of other businesses within the community)
- (e) Ratio of jobs created/retained: estimated subsidy provided
- (f) Ratio of subsidy provided: private investment leverage
- (g) Estimated annual benefit to be derived by the business seeking assistance based on real estate tax savings, sales tax savings and state income tax savings

SECTION 3. BUSINESS SUBSIDY APPROVAL CRITERIA

3.1 All new projects approved by City of Montevideo should meet the following minimum approval criteria. Meeting these criteria does not guarantee approval for the project and creates no contractual rights on the part of any potential developer.

3.2 In accordance with Minnesota Statutes, Section 469.310 Subdivision 11(c), the City Council will also consider the following factors prior to executing to provide a business subsidy under the JOBZ Program:

- (a) how wages compare to the regional industry average;
- (b) the number of jobs that will be provided relative to overall employment in the community;
- (c) the economic outlook for the industry the recipient will engage in;
- (d) sales that will be generated from outside the state of Minnesota;
- (e) how the recipient will build on existing regional strengths or diversify the regional economy;
- (f) how the recipient will increase capital investment in the City's Job Opportunity Building Zone.

- (a) The subsidy must achieve a public purpose.
- (b) The project must comply with the comprehensive plan and zoning ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.
- (c) The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- (d) The recipient shall provide information describing the proposed project and demonstrating that granting the subsidy is necessary for the proposed development to occur.
- (e) Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting of the project to help ensure that the request for assistance is in the public interest.
- (f) Any developer requesting a business subsidy should be able to demonstrate capability in the type and size of development proposed.
- (g) The recipient shall complete or assist the City in completing any forms required by the State under the JOBZ Program in advance of granting a JOBZ subsidy and on an ongoing basis throughout the term of the subsidy.
- (h) The recipient shall not be primarily engaged in making retail sales to purchasers who are physically present at the recipient's Job Opportunity Building Zone location.
- (i) The recipient shall not be a public utility, as defined in Minnesota Statutes, Section 300.111.

3.4 If the recipient's business is relocating from another Minnesota location, the recipient shall enter into a relocation agreement with the State.

3.5 The recipient shall enter into an agreement committing to meet the requirements of these criteria, the Business Subsidy Law, the development plan for the Job Opportunity Building Zone and the JOBZ Law.

3.6 The recipient shall enter into an agreement committing to create the jobs required by Section 2.2, above, and creating any additional jobs or making any capital investment required under the JOBZ Law.

3.7 The recipient shall be responsible for submitting appropriate forms to the Department of Revenue to claim appropriate tax exemptions.

3.8 The recipient must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if necessary.

3.9 The City may require that the recipient agree to and commit to pay administrative costs for initial review and participation in the program as well as annual fees for monitoring and reporting as required by statute. The amount of these fees will be determined based upon the complexity of the project and corresponding requirements for administrative services.

3.10 If the JOBZ benefits are to be provided the City shall conduct a public hearing and may authorize execution of a binding development agreement with the business.

Adopted by: City Council of the City of Montevideo, Minnesota

Date of public hearing: October 2, 2006

Date of adoption: October 2, 2006